

Thursday, March 5th, 2009

Thank You: First of all, I would like to offer a very heartfelt thank you from the Captivating Mrs. Campbell (Catherine) and me for all the prayers and good wishes (and medical advice) from the many hundreds of readers of this missive who e-mailed, wrote, and called. It was all much appreciated and we could both feel your prayers every day.

The surgery went very well (they took out 18" of my colon) and my recovery is on schedule. Statistics at the Mayo Clinic (where the procedure was done) say that 98% of people who go through this surgery never experience diverticulitis again. I hope I am not in the other 2%. Besides, if I were, Obama would raise my taxes more!

I read every one of your emails after the announcement of my surgery and they all provided much encouragement and comfort. I have to say though; my favorite was from one reader who said: "Get well quickly John, so I can disagree with you again."

I'm Baaack: Although I probably won't be 100% recovered until sometime in April, I am back to work in Washington. About a month ago, the condition of my health was bad. Doctors did a diagnosis, performed surgery, and now I am clearly on the road towards complete recovery after which I think my health will be better than before. Also about a month ago, the condition of the economy was bad. Politicians in Washington did a diagnosis, and passed a bunch of bills. However, in this case, I think the patient will be worse off than if they had done nothing. As you know, I have favored government action to make this recession shorter and shallower than it would otherwise be, while trying to minimize the dampening of future growth. The Federal Reserve continues to take actions which I believe is helping to restore function to the damaged credit markets. However, the actions of Congress and the President, in my opinion, will do little to shorten the recession but will do much to retard future growth. I will briefly encapsulate my thoughts on each major action:

The non-stimulating stimulus package: I said a month ago when I first voted to oppose this 'stimulus' package, it was "perfectly awful." Now, I think that may have understated how bad it is. The theory behind this package being stimulative comes from the teachings of mid-20th century British economist John Maynard Keynes who wrote that government spending would stimulate economic growth even if the spending was "to pay a man to dig and hole and then to

fill it back up again."

OK great. If you believe in that, fine. Because this package is not doing a whole lot more than that. Most of the spending in the package comes from welfare and other bills that various Democrats have had floating around for years but couldn't get past a Republican Congress or President. It's just creating new programs and spending. It is not targeted towards the current, very unique, economic crisis. The one thing in the bill that I thought was the best in terms of stimulus was removed at the last minute. That was a \$15,000 tax credit for anyone to buy a new or existing home in 2009.

The problem with paying for digging holes and then filling them back up is that the money doesn't come from the sky. It will be printed and borrowed. Arguably, part of the way we got into this recession is because consumers spent and borrowed too much. And now the consumer is in trouble. The government is now filling that role of spending and borrowing too much. And this debt will retard recovery and cause many problems down the road.

The Budget: There is so much bad in this budget I hardly know where to begin. I'm sure you already know about the huge tax increases and spending increases. But what disturbs me the most is that I don't believe the budget is honest. Here's why I say that:

- The President said that his budget would cut the current deficit in half by the end of his term. According to his figures, it does. But then it goes right back up again the year after that and the year following. It's like telling someone you will double their pay. Then do it for 6 months and then put it right back at its previous level after the 6 months. It's a half-truth.
- The budget assumes that we will soon return to growth along the lines of what we experienced during the dot.com boom of the late 90s. If that doesn't happen, the numbers get much worse. I can always paint a rosy scenario by assuming huge future growth.
- The budget raises lots of taxes but assumes that taxpayers will not take any actions to try and reduce those liabilities. History shows that people alter their behavior when taxes go up.
- A number of the programs recently enlarged by the stimulus package or other Congressional action, are shown as just ending or dropping off a cliff within the next 5 years. All kinds of programs like the State Children's Health Insurance Program (SCHIP), New College Access and Completion Fund, Low Income Home Energy Assistance (LIHEAP), and the Nursing Home Visitation program all have spending that drops dramatically, in some cases to zero, after the stimulus package ends. And that's just to name a few. Does anyone really believe that the President or Congress will let these programs end or drop spending by 50% or more? I can already hear many of my colleagues a few years from now saying: "We can't hurt

the poor by cutting these valuable programs in half." This is how the spenders work. Double the cost of something for a year or two for an "emergency," and then when someone proposes to reduce it back to its original level, you are now "cutting it in half!" As Ronald Reagan said "the closest thing to eternal life on earth is a government program."

Even with this disingenuous accounting, this budget in 10 years adds more to the national debt than the entire amount accumulated since 1789!

Omnibus Bill: President Bush and the Democratic controlled Congress were unable to agree on a budget for the current 2009 fiscal year except for defense and veterans. So, the rest of this year's budget is now in a so-called Omnibus Bill which has passed the House and is now in the Senate. It increases spending by 8% over last year. EIGHT PERCENT! Are you spending 8% more than last year? My guess is that you are spending closer to 8% less. And this has nothing to do with entitlement programs. This is all just bureaucracy stuff. When you add the Omnibus spending increase to the stimulus spending increase, a number of government agencies and programs are increasing by 80%. Yes, that's EIGHTY PERCENT! But, in order to reduce the deficit in the future, we are supposed to believe that a lot of this spending will go away? Yeah. Right. And after the President made a big deal out of there being 'no earmarks' in the stimulus bill, there are currently nearly 9,000 of them in the omnibus bill. Will the President veto them? Or is it OK to spend even if we are digging holes and filling them up again?

Socialized Medicine and Global Warming: I can't believe that in the middle of this huge economic crisis, the President is still pushing forward on socializing medicine and a cap-and-trade tax increase on energy to combat global warming. Both of these programs are enormously expensive. If the President confiscates the income of everyone over \$100,000 per year per person, he still will not have enough money. I know that he is doing this to try and push through his agenda while his political capital is at its peak; this is a lesson from many of his predecessors, both Republican and Democrat. But these are not normal times and they do not warrant normal action.

There's lots more I could rant about. But we'll leave that for the following weeks. Suffice it to say, I am scared to death about the ramifications of what is going on back here. As long as the markets don't collapse, and I think we dodged that bullet last October, recessions will end and a recovery will occur without the government. Government action should make that recession shorter and shallower. I fear that the actions of the government now will fail to do that and that the malaise will continue until it rights itself, which may be a while. But, what these government actions are doing is setting up a debt and spending structure that is completely unsustainable and will suck the life out of the economy and cause future growth to be reduced. This is what

you see happening in the current fiscal crisis in California. California's problems were not created in the last 12 months. The seeds for this were laid over the last 10 years. I fear we are now doing the same on a national level.

So, I am back in the saddle again. I would like to tell you that none of this would have happened had I been in DC over the last 3 weeks. But, we both know they would have happened anyway. Rest Assured, I have rejoined the chorus as a voice of reason which is now beginning to include some of the more fiscally conservative Democrats. Maybe we can collectively slow this train down.

Until next week, I again remain respectfully,

Congressman John Campbell